

**NEW JERSEY DIVISION OF TAXATION  
TECHNICAL BULLETIN**

**DISTRIBUTION: C, INCLUDING FIELD**

**TB-35**

**FOR RELEASE: INTERNAL ONLY**  
**OUTSIDE DIVISION**

      X      

**ISSUED: 8-31-94**

**TAX: GROSS INCOME TAX**

**TOPIC: CHANGE IN RATES FOR 1995**

**INCOME TAX RATES REDUCED**

P.L. 1994, c.69, approved July 6, 1994, reduces the New Jersey Gross Income Tax rates for all taxpayers for tax years 1995 and thereafter. When combined with the 5% rate reduction for all rate brackets enacted as P.L. 1994, c.2, this new reduction results in cumulative tax decreases from the 1993 taxable year levels of 15%, 7.5% and 6%, depending on taxable income level.

The new rates for taxable years beginning on or after January 1, 1995 are as follows:

<b>Filing Status</b>	<b>Taxable Income</b>	<b>Tax Rate</b>
<i>Married, Filing Joint Return</i>	\$0 — \$20,000	1.7%
	\$20,001 — \$50,000	\$340 plus 2.125% of the excess over \$20,000
<i>or</i>		
<i>Head of Household</i>	\$50,001 — \$70,000	\$977.50 plus 2.975% of the excess over \$50,000
	\$70,001 — \$80,000	\$1,572.50 plus 4.250% of the excess over \$70,000
<i>or</i>		
<i>Qualifying Widow(er)</i>	\$80,001 — \$150,000	\$1,997.50 plus 6.013% of the excess over \$80,000
	Over \$150,000	\$6,206.60 plus 6.580% of the excess over \$150,000

<b>Filing Status</b>	<b>Taxable Income</b>	<b>Tax Rate</b>
<i>Single</i>	\$0 — \$20,000	1.7%
	\$20,001 — \$35,000	\$340 plus 2.125% of the excess over \$20,000
<i>or</i>		
<i>Married, Filing Separate Return</i>	\$35,001 — \$40,000	\$658.75 plus 4.250% of the excess over \$35,000
	\$40,001 — \$75,000	\$871.25 plus 6.013% of the excess over \$40,000
<b>and</b>		
<i>Estates and Trusts</i>	Over \$75,000	\$2,975.80 plus 6.580% of the excess over \$75,000

## CUMULATIVE RATE REDUCTION

For tax year 1994, the New Jersey income tax rates for all taxpayers were reduced by 5%, and the rates have been further reduced for taxable years 1995 and thereafter. The cumulative decreases in the tax rates from their 1993 levels are shown below.

<i>Filing Status:</i> Married, Filing Joint Return Head of Household* Qualifying Widow(er)		<i>Filing Status:</i> Single or Married, Filing Separate Return <b>and</b> Estates and Trusts	
<b>Taxable Income</b>	<b>% Change Income Tax Rates 1993–1995</b>	<b>Taxable Income</b>	<b>% Change Income Tax Rates 1993–1995</b>
\$0 — \$80,000	–15%	\$0 — \$40,000	–15%
\$80,001 — \$150,000	–7.5%	\$40,001 — \$75,000	–7.5%
Over \$150,000	–6%	Over \$75,000	–6%

\* Nonresident aliens who otherwise meet the requirements may file as Head of Household for New Jersey purposes, even though they are unable to claim that status for Federal purposes.

The following tables illustrate the effect of the rate reduction on the amount of tax due:

### Married, Filing Joint Return, Head of Household, Qualifying Widow(er)

<b>Taxable Income</b>	<b>Tax</b>		
	<b>1993</b>	<b>1994</b>	<b>1995</b>
\$ 52,000	\$1,220.00	\$1,159.00	\$1,037.00
85,000	2,675.00	2,541.25	2,298.15
175,000	8,650.00	8,217.50	7,851.60

### Single, Married Filing Separate Return & Estates and Trusts

<b>Taxable Income</b>	<b>Tax</b>		
	<b>1993</b>	<b>1994</b>	<b>1995</b>
\$33,000	\$ 725.00	\$ 688.75	\$ 616.25
45,000	1,350.00	1,282.50	1,171.90
82,000	3,790.00	3,600.50	3,436.40

## Estimated Tax Payments

Any individual (resident or nonresident) who expects their New Jersey income tax liability to be more than \$100, after subtracting withholdings and credits, must make New Jersey estimated tax payments using Form NJ-1040-ES. Taxpayers should take the new income tax rates into account when calculating the amount of

their estimated tax payments for 1995. Estates and trusts are not required to make New Jersey estimated tax payments.

### **Withholding Rates**

Because of the reduction in tax rates for taxable years beginning on or after January 1, 1995, new withholding tables will be required. Revised withholding tables will be mailed to employers when available.

*For more information, contact the Division's Tax Hotline at 609-588-2200 or write to the Division of Taxation, Taxpayer Services Branch, Office of Communication, CN 281, Trenton, NJ 08646-0281. Many commonly used State tax forms are now available by fax through the Division's NJ TaxFax service. Call NJ TaxFax from your fax machine's phone at 609-588-4500 to obtain the form you need or a list of available forms. The form(s) referenced in this bulletin may **not** be currently available on NJ TaxFax.*